



Koshidaka Holdings

TSE 1st Section 2157 Industry: Leisure and amusement

1H guidance revised; 2Q OP to be positive for the first time under the pandemic

2Q OP guidance of 1.160bn yen, first quarterly positive OP under the pandemic

On February 21, Koshidaka Holdings (2157, the company) announced a revision to its 1H FY8/22 (Sep. 2021-Feb. 2022) guidance. The company lowered its sales guidance from 17.063bn yen to 16.305bn yen (+34.6% YoY) due to the impact of the rapid expansion of the Omicron variant infection, but it maintained its OP guidance at 29m yen (vs. -2.644bn yen loss in 1H FY8/21) as a result of curbing COGS and other expenses. The company significantly raised its RP guidance from 1.806bn yen to 2.549bn yen (vs. -2.429bn yen loss in 1H FY8/21) on the back of progress in receiving subsidies.

What is noteworthy about the revised 1H guidance is not the large upward revision to RP but rather the maintaining of the OP guidance, in our view. 1Q OP was a loss of -1.131bn yen. The revised 1H guidance of 29m yen implies that 2Q OP should be 1.160bn yen, the first quarterly positive OP under the pandemic. Given the rapid increase in infection of Omicron variant since mid-January, a return to positive OP should give a positive impression to the market.

The company maintained its full-year FY8/22 guidance (sales 40.093bn yen, OP 2.701bn yen, and RP 4.459bn yen) considering that the negative impact of the pandemic should remain going forward. Our full-year forecast is for sales of 36.671bn yen (+76.4% YoY), OP of 1.921bn yen (vs. -7.629bn yen for FY8/21), and RP of 3.468bn yen (vs. -3.093bn yen for FY8/21).

Please refer to the report dated November 22, 2021 for the rationale of the rating and target price.

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Update

Rating
Buy

Target price (JPY)	820
Stock price (JPY) (Feb 21)	635
Market cap (JPYbn)	52.3

Key changes

Rating	No
Target price	No
Earnings forecast	No

Stock price (JPY)



Source: Bloomberg Finance LP

Earnings

		8/20	8/21	8/22E	8/23E	8/24E
Sales	JPYbn	43.3	20.8	36.7	42.7	46.0
OP	JPYbn	1.1	-7.6	1.9	3.3	4.1
RP	JPYbn	1.7	-3.1	3.5	3.6	4.4
NP	JPYbn	-0.2	-4.1	3.0	3.1	3.0
EPS	JPY	-2.8	-50.8	36.4	37.8	37.0
BPS	JPY	281.0	223.0	255.4	285.2	313.2
DPS	JPY	12.0	4.0	8.0	9.0	12.0
PER	x	NA	NA	17.4	16.8	17.1
PBR	x	1.6	2.8	2.5	2.2	2.0
Div. yield	%	2.6	0.6	1.3	1.4	1.9
ROA	%	-0.4	-9.6	6.7	6.3	5.8
ROE	%	-0.8	-20.2	15.2	14.0	12.4

Source: Company data, Mita Securities

Company profile

Koshidaka HD is a major karaoke room operator that operates “Karaoke Manekineko” stores nationwide. The total number of stores as of the end of February 2021 was 546. In March 2020, it spun off the Curves business and is concentrating its management resources on the karaoke business.

Figure: Comparison of valuations for karaoke companies

Company name	Ticker	PX	Mkt cap	Net D/E	Sales YoY	EBITDA Mgn	ROE	ROE	ROE	PER	PER	PER	PBR	EV/EBITDA	EV/Sales	Div yield	1M	3M	1YR
		2/21	JPYbn	Last	LTM	LTM	LTM	Cur E	Nxt E	LTM	Cur E	Nxt E	Last	Cur E	Cur E	Cur E	Chg	Chg	Chg
KOSHIDAKA HOLDINGS CO LTD (TP 820 Buy)	2157	635	52.3	0.6	-39.8	-27.0	-19.9	15.2	14.0	NA	17.4	16.8	3.2	11.2	1.7	1.3	2.9	-4.4	15.2
TETSUJIN INC	2404	317	4.3	11.2	9.8	2.6	NA	NA	NA	14.4	NA	NA	15.0	NA	NA	NA	-6.5	-40.1	15.7
ROUND ONE CORP	4680	1,311	125.1	1.1	28.7	11.8	-0.9	12.5	15.3	NA	22.2	17.2	2.5	9.7	1.6	1.5	-5.3	-6.0	18.1
DAIICHIKOSHO CO LTD	7458	3,610	197.6	-0.2	-12.9	14.7	-9.2	3.2	9.6	NA	38.2	23.3	1.9	14.0	1.9	3.1	7.6	-9.3	-12.3
Average				3.2	-3.6	0.5	-10.0	10.3	13.0	14.4	25.9	19.1	5.6	11.6	1.7	2.0	-0.3	-14.9	9.2
Median				0.9	-1.6	7.2	-9.2	12.5	14.0	14.4	22.2	17.2	2.9	11.2	1.7	1.5	-1.2	-7.6	15.5

Source: Bloomberg Finance LP data, Mita Securities

Note: Forecasts are based on Bloomberg consensus

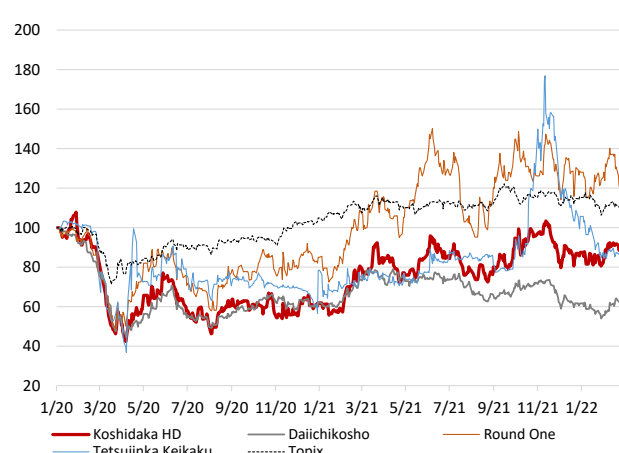
Figure: Comparison of valuations for amusement companies (reference)

Company name	Ticker	PX	Mkt cap	Net D/E	Sales YoY	EBITDA Mgn	ROE	ROE	ROE	PER	PER	PER	PBR	EV/EBITDA	EV/Sales	Div yield	1M	3M	1YR
		2/21	JPYbn	Last	LTM	LTM	LTM	Cur E	Nxt E	LTM	Cur E	Nxt E	Last	Cur E	Cur E	Cur E	Chg	Chg	Chg
ORIENTAL LAND CO LTD	4661	21,155	7,693.9	0.0	5.9	11.9	-3.5	-0.3	11.3	NA	NA	84.0	9.3	184.4	28.8	0.1	11.5	8.7	17.3
BANDAI NAMCO HOLDINGS INC	7832	7,790	1,729.4	-0.3	12.4	15.2	11.6	13.2	14.1	28.5	23.1	20.2	3.1	11.7	1.9	2.2	-5.0	-16.4	-10.9
SANRIO CO LTD	6071	2,427	216.2	0.2	17.9	9.8	4.0	7.5	11.2	124.5	70.7	60.2	4.7	65.8	3.8	0.7	5.9	-14.0	40.9
FUJI KYUKO CO LTD	9010	4,070	223.4	1.9	2.2	19.4	-1.6	2.2	NA	NA	422.5	126.3	9.0	NA	7.5	0.2	-2.6	-16.7	-29.7
KONAMI HOLDINGS CORP	9766	6,820	978.7	-0.3	13.0	18.1	15.3	15.8	14.8	19.1	18.7	16.7	2.7	9.1	2.8	1.6	14.2	8.4	-8.6
Average				0.3	10.3	14.9	5.2	7.7	12.9	57.4	133.7	61.5	5.8	67.8	9.0	1.0	4.8	-6.0	1.8
Median				0.0	12.4	15.2	4.0	7.5	12.7	28.5	46.9	60.2	4.7	38.8	3.8	0.7	5.9	-14.0	-8.6

Source: Bloomberg Finance LP data, Mita Securities

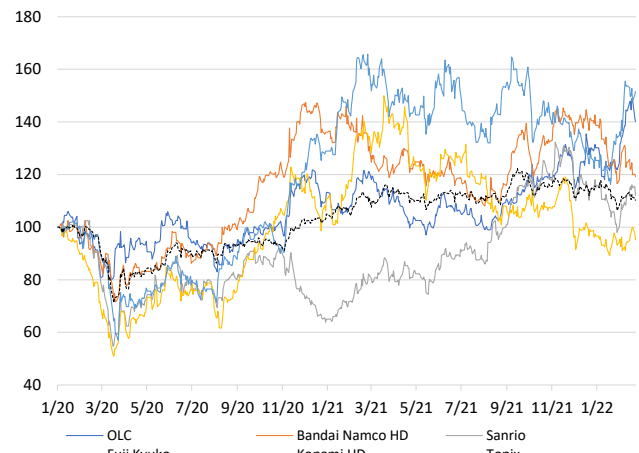
Note: Forecasts are based on Bloomberg consensus

Figure: Stock price trends for karaoke companies



Source: Bloomberg Finance LP data, Mita Securities Note: Indexed 100 at the end of 2019

Figure: Stock price trends for amusement companies



Source: Bloomberg Finance LP data, Mita Securities Note: Indexed 100 at the end of 2019

APPENDIX

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